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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of Washington by:

S-03-221-04-CO01
CONSENT ORDER

The Minor Group Inc. and Michael
Minor,

Respondents.

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and the Respondents, The Minor Group Inc. and Michael Minor, do hereby enter into this CONSENT ORDER in settlement of the matters alleged herein. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law stated below.

FINDINGS OF FACT

I. Respondent

1. THE MINOR GROUP INC. (“Minor Group”) has been a Washington corporation since March of 2001 with its principal place of business in Tacoma, Washington.

2. MICHAEL MINOR (“Minor”) is owner and president of the Minor Group.

II. Nature of the Offering

3. Minor, through the Minor Group, intends to produce high-tech, marine, life-saving products. This project is referred to as “Lifeguard.”

4. In or around September 2003, Minor explained this concept to Ms. P., who had recently inherited about \$60,000. Ms. P. is widowed, is in her eighties, and suffers from certain physical ailments

1 including poor vision and hearing. Within the next few weeks, Minor asked for and received \$10,000
2 from Mrs. P. for his business.

3 5. In exchange for the \$10,000, Minor told Ms. P. that she would earn \$15,000 when the
4 product was brought to market, which was to occur in the next four to six months. Minor also told Ms. P.
5 that she would receive shares of stock in Minor's business, through which she would be entitled to a
6 portion of the profits on Minor's future sales.

7 6. Minor told Ms. P. that project "Lifeguard" had patent-pending status. He indicated that at
8 least three contractors wanted to work with him and that he had several attorneys assisting him. He also
9 suggested that certain military entities were interested in acquiring an operational version of the product.
10 Minor discussed his intent to enter licensing agreements that would create a lucrative royalty stream. He
11 indicated that field tests of the product would be occurring within next few weeks and, following any
12 needed debugging, the project would be ready for production and distribution.

13 7. Minor did not give Ms. P. any documents or financial statements regarding the business,
14 including any disclosure of his personal bankruptcy. Minor did not disclose that at least one of the
15 attorneys he had retained in the past was only hired to file his patent application and is not currently
16 retained by him. Minor did not disclose that, although he has filed a patent application, it has not been
17 reviewed on its merits; the US Patent Office has merely acknowledged receipt of the application. Minor
18 did not disclose that field testing could be delayed for debugging prior to field tests, which has in fact
19 been the case for at least the past four months. Minor did not clearly disclose that the military entities to
20 which he intends to market the product have no current contracts in place with him. Minor also did not
21 disclose that at least one contractor, who played a significant role in designing the interface between the
22 transmitter in the life vest and the shipboard computer systems, has never been paid.
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1 8. Ms. P. agreed to invest with Minor. Due to her poor vision, Minor filled out the entire check;
2 Ms. P. only signed the signature line. In the check's memo line, Minor wrote, "Stock Purchase."

3 **III. Registration Status**

4 9. The Minor Group Inc. is not currently registered to sell its securities in the State of
5 Washington and has not previously been so registered. It has no notification of exemption on file with the
6 State of Washington.

7 10. Respondent Michael Minor is not registered as a broker-dealer or securities salesperson in
8 the State of Washington and has not previously been so registered.

9
10 Based upon the above Findings of Fact, the following Conclusions of Law are made:

11 **CONCLUSIONS OF LAW**

12
13 1. The offer and/or sale of the investment described above constitutes the offer and/or sale of a
14 security as defined in RCW 21.20.005(10) and (12).

15 2. The conduct described in the Findings of Fact is in violation of RCW 21.20.140 because Minor
16 and/or the Minor Group Inc. offered and/or sold securities for which there was no registration on file with
17 the Administrator of Securities, State of Washington.

18 3. The conduct described in the Findings of Fact is in violation of RCW 21.20.040 because Minor
19 offered and/or sold securities while not registered as a securities salesperson or broker-dealer in the State
20 of Washington.

21 4. The conduct described in the Findings of Fact is in violation of RCW 21.20.010 because Minor
22 made untrue statements of material facts or omitted to state material facts necessary in order to make the
23 statements made, in the light of the circumstances under which they were made, not misleading.

24 **CONSENT ORDER**

1 Based upon the foregoing:

2 IT IS AGREED AND ORDERED that the Respondents, The Minor Group Inc. and Michael
3 Minor, and their agents and employees each shall cease and desist from offering or selling securities in
4 violations of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

5 IT IS FURTHER AGREED AND ORDERED that Respondents, The Minor Group Inc. and
6 Michael Minor, and their agents and employees each shall cease and desist from acting as an
7 unregistered securities broker-dealer or salesperson in violation of RCW 21.20.040, the broker-dealer
8 and securities salesperson registration section of the Securities Act of Washington.

9 IT IS FURTHER AGREED AND ORDERED that Respondents, The Minor Group Inc. and
10 Michael Minor, and their agents and employees each shall cease and desist from violating RCW
11 21.20.010, the anti-fraud section of the Securities Act of Washington.

12 IT IS FURTHER AGREED that Respondents, The Minor Group Inc. and Michael Minor, shall
13 be jointly and severally liable for and shall pay a fine in the amount of \$5,000, the entire amount which
14 is suspended based on future compliance with this Order and based on Minor's supplemental filings with
15 the Division demonstrating an inability to pay.

16 IT IS FURTHER AGREED that Respondents, The Minor Group Inc. and Michael Minor, shall
17 be jointly and severally liable for and shall pay investigative costs in the amount of \$1,000, the entire
18 amount which is suspended based on future compliance with this Order and based on Minor's
19 supplemental filings with the Division demonstrating an inability to pay.

20 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

21 IT IS FURTHER AGREED that in consideration of the foregoing Respondents, The Minor
22 Group Inc. and Michael Minor, each waive their rights to a hearing in this matter and judicial review of
23 this order.
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2 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

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4 SIGNED this 18 day of June, 2004.

5 Signed by:

6 The Minor Group Inc.

7
8 By /s/
Michael Minor, President and owner

9 Signed by:

10
11 /s/
12 Michael Minor, individually

13 SIGNED and ENTERED this 9th day of August, 2004

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15 
16 Michael E. Stevenson
Securities Administrator

17 Approved by:

17 Presented by:

18
19 /s/
20 Martin Cordell
Chief of Enforcement

19 /s/
20 Andrew Ledbetter
Financial Legal Examiner